

Message Text

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PAGE 01 BRAZZA 00022 221204Z

ACTION AF-10

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FM AMEMBASSY BRAZZAVILLE

TO SECSTATE WASHDC 019

INFO AMEMBASSY YAOUNDE

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E.O. 11652: N/A

TAGS: ECON, CF, US

SUBJECT: EX-IM BANK LOAN: FIRST NATIONAL CITY BANK VISIT TO CONGO,
NOVEMBER 16, 1977

REF: BRAZZAVILLE 020

1. SUMMARY: CITIBANK SEEKS EX-IM SHARING TOTAL \$5 MILLION LOAN
TO CONGO FOR FORESTRY EQUIPMENT. END SUMMARY

2. AS FOLLOW UP TO CONGOLESE INVITATION ISSUED DURING RECENT IMF
CONFERENCE IN WASHINGTON, CITIBANK (NEW YORK) VICE PRESIDENT
GOLDIE AND CITIBANK (ABIDJAN) VICE PRESIDENT PRICE VISITED
BRAZZAVILLE, NOVEMBER 16.

3. GOLDIE AND PRICE MET WITH PRIME MINISTER, MINISTERS OF RURAL
ECONOMY AND FINANCE, DIRECTOR OF DEVELOPMENT BANK, AND OTHER GOCB
OFFICIALS. AS RESULT OF VISIT, CITIBANK PROPOSES A \$5 MILLION
LOAN TO GOCB TO FINANCE PURCHASE OF CATERPILLAR EQUIPMENT TO BE
USED BY OFFICE DES BOIS, TO INCREASE TIMBER AND PULP PRODUCTION.
CITIBANK PLANS SEEK EX-IM BANK LOAN TO COVER \$2.2 MILLION, WITH
REMAINING \$2.8 MILLION EXTENDED BY CITIBANK. FYI:
PERCENTAGES COULD CHANGE, AND CITIBANK CONCEIVABLY WOULD PROCEED
WITHOUT EX-IM PARTICIPATION. END FYI. CITIBANK LOAN WOULD BE
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PAGE 02 BRAZZA 00022 221204Z

ON FLOATING TERMS, WITH FIVE YEARS FOR REPAYMENT, AND ONE-YEAR
GRACE PERIOD. CITIBANK WISHES GOCB AGREEMENT TO REPAY PRINCIPAL AND
INTEREST THROUGH A HYPOTHECATED ACCOUNT IN LONDON OR PARIS, AND
FOR CONGO TO WAIVE SOVEREIGN IMMUNITY. GOLDIE BELIEVES THAT
THE 40 PERCENT OF OFFICE DES BOIS' PRODUCTION WHICH IS NOT DIRECTLY
COMMERCIALIZED BY FRENCH CAN PROVIDE AMPLE REVENUES FOR
REPAYMENT, AND THAT SATISFACTORY ARRANGEMENT CAN BE REACHED FOR

EQUIPMENT MAINTENANCE.

4. PRICE PLANS SEND REP HERE FROM ABIDJAN WEEK OF NOVEMBER 21 TO CONTINUE DISCUSSIONS WHICH, IDEALLY, FROM CITIBANK'S OPTIC, COULD LEAD TO EXTENSION OF LOAN IN APRIL 1978.

5. WHILE WE ARE AWARE OF RELATIVELY SHORT TIME LEAD, AND OTHER POSSIBLE PROBLEMS, WE RECOMMEND EX-IM EXAMINE CLOSELY POSSIBILITY OF PARTICIPATING IN LOAN PACKAGE. CONGOLESE ARE EXTREMELY ENTHUSIASTIC OVER THIS PROSPECT FOR CO-OPERATION, AND WE, TOO, BELIEVE IT WOULD BE AN EXCELLENT WAY TO BEGIN TANGIBLE USG COOPERATION WITH CONGO, IN AN UNCOMPLICATED DEMONSTRABLE WAY, AND WITH A COMPARATIVELY LOW AMOUNT AT RISK--A SMALL AMOUNT FOR US, BUT MOST SIGNIFICANT FOR THE CONGO. WOOD IS, OF COURSE, KEY CONGOLESE EXPORT, AND IN ADDITION TO IMPROVING EFFICIENCY OF ITS COMMERCIALIZATION, WE WOULD AT SAME TIME PROMOTE SALE HERE OF U.S.-MADE AMERICAN AGRICULTURAL MACHINERY, THEREBY HELPING ALSO TO OPEN NEW MARKETS FOR U.S. GOODS. CONGO HAS HAD POOR EXPERIENCES RECENTLY WITH SOVIET, FRENCH, ITALIAN, AND SPANISH MACHINERY, AND AMERICAN EQUIPMENT WOULD BE WELL-RECEIVED.

6. AS FINANCE MINISTER LOPES AND RURAL ECONOMY MINISTER, MOUAMBENGA TOLD CHARGE AT THEIR NOVEMBER 16 DINNER FOR CITIBANK-ERS, "WHAT BETTER A WAY FOR NEW US-CONGO COOPERATION TO BEGIN*" WE BELIEVE IT WOULD BE WORTH OUR WHILE FOR EX-IM BANK TO STUDY WHETHER IT CAN PARTICIPATE IN A PACKAGE WHICH COULD PROVE LOPES LIMITED OFFICIAL USE

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PAGE 03 BRAZZA 00022 221204Z

AND MOUAMBENGA TO BE RIGHT. ACCORDINGLY, REQUEST DEPARTMENT CONVEY FOREGOING TO EX-IM BANK, WITH APPROPRIATE STATE FOLLOW UP.

5. COPY OF COMPLETE CONGOLESE DOCUMENTATION POUCHED DEPARTMENT (AF/C-KATES). THEREIN IS MENTIONED, INTER ALIA, GOCB PRIME MINISTER GOMA'S SUGGESTION TO GOLDIE THAT CITIBANK OPEN A BRANCH IN BRAZZAVILLE.
KATZEN

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Message Attributes

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Control Number: n/a
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Sent Date: 22-Nov-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
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